



## DEPARTMENT OF NATURAL RESOURCES

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### MEMORANDUM

DATE: November 1, 2004

TO: Land Reclamation Commission

FROM: Richard A. Hall, Chief, Forfeiture Unit (*original signed by Richard A. Hall*)

SUBJECT: North American Resources; Silver Creek Mine  
(Frontier in Rehabilitation)  
Permit 1993-01;  
Forfeiture Site Liability Release

#### I. BACKGROUND:

On February 5, 1998, the Land Reclamation Commission revoked North American Resources, Inc.'s mine permit 1993-01, and declared forfeit Surety Bond No. 73113 provided by the New York Frontier Insurance Company.

On November 17, 1999, the Staff Director for the Land Reclamation Commission entered into a settlement agreement with New York Frontier Insurance Company (the "Surety" or "Frontier"). The agreement allows the Surety to perform reclamation of the North American Resources, Inc.'s Silver Creek mines in lieu of bond collection. Subsequently, Frontier became insolvent and the New York Supreme Court for New York County ordered the Superintendent of Insurance of the State of New York to take immediate possession of Frontier's property and to conduct Frontier's business under the name of "Frontier Insurance Company in Rehabilitation". On December 4, 2002, the Staff Director signed an "Addendum to Bond Forfeiture Settlement Agreement" with Frontier Insurance Company in Rehabilitation (FIR).

Frontier developed a revised reclamation plan that was approved by the Land Reclamation Program and which was, in large part, adopted by FIR. The reclamation plan divided NAR-SC into 3 geographic reclamation units. Frontier and later FIR has been conducting reclamation at the mine, and has completed reclamation of the south reclamation unit of the Silver Creek mine. As a result, FIR through its consultant, Marston & Marston, Inc., has applied for release of the South unit.

## II. APPLICATION FOR RELEASE

### A. APPLICATION

An application for release has been properly completed and submitted along with maps of the proposed release area.

A public notice of the proposed release was published in the Moberly Monitor Index and Democrat, a newspaper serving the vicinity of the mine site. The public comment period advertised in the notice expired on October 13, 2004. No comments were received.

The landowner and adjacent landowner were notified of the proposed release via certified mail. The letter to the landowners indicated that any comments should be in writing and sent to the Land Reclamation Commission prior to the end of the public comment period. No written comments from landowners were received during the comment period.

However, the landowner, Mr. Walter Cross, telephoned LRP staff and indicated that he wished to have the Surety to perform upgrades on buildings left on his property. (It is worthwhile to note that in the original reclamation plan, all structures were to be removed. Most of the structures were deemed to be virtually unusable due to disrepair, or were not useful for the intended post mining land uses designated for this site. It was only at the insistence of the landowner, Mr. Cross, that the reclamation plan was revised in order to leave the structures.) Mr. Cross was advised to submit his comments to the LRP in writing and they would be responded to. As of the time of the preparation of this document no written comments had been received from Mr. Cross.

## II. FIELD INSPECTION:

On November 2, 2004, Mr. Steve Femmer and I inspected the south reclamation unit of the North American Resources, Inc, Silver Creek forfeiture mine site. The following is a description of the observations made during the inspection:

### A. GRADING

Grading has been completed on the area and erosion is being controlled.

As previously mentioned, several structures remain on site in varying degrees of repair. These structures include:

- Coal processing buildings;
- Electrical building;
- Scale house and scale pit (scale was removed);
- Petroleum storage building and confinement structure;
- Slurry decant pits;
- Truck dump hopper;
- Concrete foundation pillars;
- Concrete pad

One sediment pond is being left as a permanent structure. The water is of acceptable quality.

B. SURFACING/VEGETATIVE COVER

Much of the area has a land use of industrial and is surfaced with rock or concrete slab.

The landowner insisted upon cropping portions of the area and in these locations the land use was converted to cropland.

Other vegetated areas have a mature grass cover, capable of controlling erosion.

IV. CONCLUSION:

It is the staff's determination that the Surety has complete reclamation required of it in accordance with the approved reclamation plan *as revised to reflect the landowner's desires*. Therefore, it is the staff's recommendation that the Commission release Frontier in Rehabilitation of further reclamation liability on the south reclamation unit at the North American Resources, Inc. Silver Creek mine site, and to "waive collection" of bond in the amount of \$140,000.00 that was designated to secure reclamation of this geographic unit. Bond will remain to secure the reclamation of the two remaining geographic units at this site.